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RECORDATION NO. 27675 **RED**

October 3, 2008

OCT 03 '08 -8 22 AM

**SURFACE TRANSPORTATION BOARD**

Ann Quinlan, Esq.  
Acting Secretary  
Surface Transportation Board  
395 E Street, SW  
Washington, D.C. 20423

Dear Ms. Quinlan:

Enclosed for recording with the Surface Transportation Board is a Memorandum of Security Agreement dated 9/24/08 involving the following parties and railroad equipment:

Secured Party:	Wells Fargo Equipment Finance, Inc. Investors Building, Suite 700 733 Marquette Avenue So. Minneapolis, MN 55402
Debtor:	Southwest Pennsylvania Railroad Company Post Office Box 127 760 Allegheny River Blvd. Verona, PA 15147
Equipment:	3, Locomotives IC 8739, 8744, 8705

Please record this agreement as a primary filing. The filing fee of \$41 is enclosed.

Summary: Memorandum of Security Agreement dated 9/24/08 between Wells Fargo Equipment Finance, Inc. as Secured Party and Southwest Pennsylvania Railroad Company as Debtor including 3 Locomotives listed above.

Sincerely,



Mary Ann Oster  
Research Consultant

Enclosure

RECORDATION NO. 27675 FILED

OCT 03 '08

-8 2:28 AM



Wells Fargo Equipment Finance  
Investors Building, Suite 700  
733 Marquette Ave So  
Minneapolis, MN 55402

SURFACE TRANSPORTATION BOARD

**Memorandum of Security Agreement**

THIS MEMORANDUM OF SECURITY AGREEMENT (this "Memorandum") is made this 24<sup>th</sup> day of September 24, 2008, by and between Southwest Pennsylvania Railroad Company a corporation ("Debtor"), and WELLS FARGO EQUIPMENT FINANCE, INC, a Minnesota Corporation ("Secured Party").

A. The Debtor is indebted to the Secured Party pursuant to that certain Promissory Note dated as of September 24, 2008 (the "Note") executed by the Debtor in favor of the Secured Party.

B. To secure the Debtor's obligations to the Secured Party, the Debtor executed and delivered to the Secured Party a Security Agreement dated September 24, 2008 pursuant to which the Debtor granted to the Secured Party a continuing, first priority security interest in and to, and lien on, the following collateral:

(a) Ten (3) <sup>140</sup>Locomotives with the following markings described on Schedule A attached hereto (each, a "Railcar", collectively, the "Railcars") and all replacements and substitutions thereof;

(b) all improvements, additions, modifications, accessions, attachments, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired;

(c) all logs, books and records pertaining to the use, operation and/or maintenance of the Railcars or otherwise relating to any of the collateral described herein;

(d) all rights, claims and causes of action, if any, which the Debtor may have now or in the future against any manufacturer, rebuilder or seller of the Railcars (or any component thereof) or any other Person, by contract or otherwise, in respect of any defect in the Railcars or any part thereof;

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

Wells Fargo Equipment Finance, Inc.

Southwest Pennsylvania Railroad Company

By: [Signature]By: [Signature]Its: Sr. Contract AdminIts: PRESIDENT

**WELLS  
FARGO****Wells Fargo Equipment Finance, Inc.**  
733 Marquette Avenue, Suite 700  
Minneapolis, MN 55402**Schedule A**  
**For Southwest Pennsylvania Railroad Company**

Contract Number 238861-700 dated as of September 24, 2008

**Southwest Pennsylvania Railroad Company****Equipment Description:** Three (3) Locomotives together with all options, attachments and accessories with the following markings:

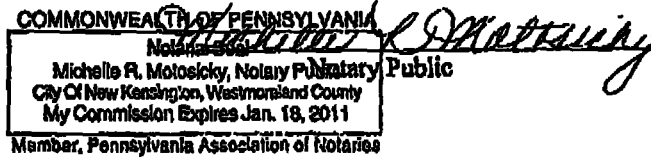
<b>Unit Number</b>	<b>Description</b>
IC 8739	Locomotive EMD Model No. GP-11, Serial Number: SWP2001
IC 8744	Locomotive EMD Model No. GP-11, Serial Number: SWP2002
IC 8705	Locomotive EMD Model No. GP-11, Serial Number: SWP2003

**Dated:** September 24, 2008**Southwest Pennsylvania Railroad Company****By:** **Title:** PRESIDENT

STATE OF Pennsylvania  
COUNTY OF Allegheny

On this 2nd day of April, 2007, before me, a Notary Public of the City and State aforesaid, personally appeared RUSSELL PETERSON, to me personally known, who being by me duly sworn, says that he is the PRESIDENT of SOUTHWEST PENNSYLVANIA RAILROAD, an Pa corporation, the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.



My commission expires:

STATE OF MINNESOTA  
COUNTY OF HENNEPIN

On this 2ND day of OCTOBER, 2008, before me a Notary Public of the City and State aforesaid, personally appeared PETER J. NAYS to me personally known who being by me duly sworn, says that (he/she) is a SE CONTRACTOR of WELLS FARGO BANK, that foregoing instrument is/was signed on behalf of said corporation by authority of its Board of Directors, and (he/she) acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

(Seal)



Michelle E. Larson  
Notary Public

My commission expires:

1/31/2010